

FISCAL NOTE

HB 4212 - SB 4197

February 21, 2008

SUMMARY OF BILL: Creates the Tennessee Student Assistance Award Fund (TSAAF), for the purpose of receiving a \$200,000,000 transfer from the Lottery for Education Account (LFEA), to be accomplished on July 1, 2008. Authorizes the Tennessee Student Assistance Corporation, in any fiscal year the balance of the TSAAF exceeds \$200,000,000, to draw such amount exceeding \$200,000,000 for the purpose of making additional Tennessee Student Assistance Awards.

ESTIMATED FISCAL IMPACT:

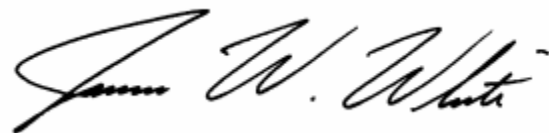
Other Fiscal Impact - Transfers \$200,000,000 from the Lottery for Education Account to the Tennessee Student Assistance Award Fund, for the purpose of funding additional Tennessee Student Assistance Awards. This transfer will reduce the amount of funding available for eligible recipients of other HOPE scholarships and grants. Increases the expenditure of funds from the Tennessee Student Assistance Award Fund by approximately \$10,000,000 per year.

Assumptions:

- Once \$200,000,000 is transferred from the LFEA to the TSAAF, such amount is considered the principal amount and shall remain in the fund for the purpose of earning interest which shall be used exclusively for awarding additional TSAA grants.
- The TSAAF earns an average of 5 percent per year in interest earnings.
- Interest earnings are estimated to be \$10,000,000 ($\$200,000,000 \times 5.0\%$ = \$10,000,000) per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc